

CONTENT AREA

Changes to effective dates for Qualified Life Events (QLEs) and New Hires

ISSUE/QUESTION

I have heard there will be changes to the effective dates for QLEs on and after October 1, 2004 and for employees hired on and after October 1, 2004.

1. What are the changes?
2. Can you explain the reason for these changes?

ANSWER

1. What are the changes?

Effective Dates of Benefit Changes

1. The effective date for benefit changes resulting from births, adoptions and placements for adoption is the date of the event.
2. The effective date for benefit changes resulting from marriages:
 - a. Cannot be later than the 1st day of the month following the date of the marriage. Example, the latest effective date of benefit changes for a marriage that occurs in May is June 1st.
 - b. Depends on the date of the marriage and the requested change date.
- i. The effective date for benefit changes in the event of marriages occurring between the 1st and the 15th of the month will be the 16th of the month unless the employee requests that the effective date be delayed until the 1st of the following month.
- ii. The effective date for benefit changes in the event of marriages occurring between the 16th and the last day of the month will be the 1st of the following month.
3. The effective date for all benefit changes resulting from any other QLE, including foster care placement, will be:
 - a. The 16th of the following month for completed enrollment forms received by the agency between the 1st and the 15th of the month.
Example: If completed enrollment forms are received by the agency on May 15th, requested changes will be effective May 16th.
 - b. The 1st of the following month for completed enrollment forms received by the agency between the 16th and the last day of the month.
Example: If completed enrollment forms are received by the agency on May 16th, requested changes will be effective June 1st.
4. The effective date for new hires will be:
 - i. The 1st of the month following the date the employee enrolled using the self-service option or submitted a completed enrollment form to their agency.

2. Can you explain the reason for these changes?

It was brought to the attention of ADOA that we are not permitted to retroactively offer pre-tax benefits. To remedy this situation, permitted election changes must be made on a prospective basis. This means the elections must be made (the change must be requested) before the beginning of the period for which the benefits will be provided. Prop. § Treas. Reg. 1.125, Q/A-15 (1984). The intent of the IRS is to guard against Constructive Receipt. http://www.irs.gov/pub/irs-utl/tres_reg-1125-1.pdf

The 2004-2005 State Employee Enrollment/Change Form will have a new field for agency use that is called "Date Received". This date entered in this field should be the date the form is received in the agency. It is critical that this date is entered on the form.

AUTHORITY

United States Internal Revenue Service Prop. § Treas. Reg. 1.125, Q/A-15 (1984)
Arizona Department of Administration Benefits Office

ISSUED

July 26, 2004